

28 January 2025

Highlights

- **Process optimisation activities underway including:**
 - **Dry crushing circuit and full dry comminution circuit studies;**
 - **By-products from tailings stream; and**
 - **Variability and metallurgical test work;**
- **Stakeholder engagement with key Government and community stakeholders**
- **Updated discussions with Strategic Investors to reflect value adding process optimisation program**

Process Optimisation Activities

Dry crushing circuit and full dry comminution circuit studies

In conjunction with independent engineering firm Stantec Australia (“Stantec”), works continued on process plant optimisation and supporting infrastructure.

The aim of the optimisation works is to explore the feasibility of dry grinding circuits as a cost-effective alternative to Hawsons' current Stantec-proposed base case circuit, with a particular focus on potential water, energy, and capital expenditure / operating cost savings.

A high-level review of an alternative primary crushing circuit demonstrates strong potential for major capital (~30%) and operating cost (25-30%) savings. Preliminary discussions with vendors and operators indicate possible further savings, subject to further ongoing test work.¹

Hawsons will also investigate a 100% dry circuit as a priority given the scope for significant cost reduction as well as, environmental, scheduling and permitting benefits.



Figure 1: Comminution circuit testing

¹ <https://hawsons.com.au/wp-content/uploads/2024/11/20241119-Optimisation-Works-Dry-Milling-Processing.pdf>

By-product studies

A study was commenced on the potential extraction of by-products from tailings stream. The study is evaluating the commercial viability production of high-grade Si-sands and non-magnetic iron and is anticipated to be completed around the end of Q2 2025.



Figure 2: By-product testing at ALS - Perth

Variability and metallurgical test work

During the quarter, Hawsons undertook variability & metallurgical test works focused on the Fold Zone. This program will provide key data for future resource drilling, mine planning and the final process flow sheet. This work is anticipated to be completed around the end of Q1 2025.



Figure 3: Sample preparation for variability & metallurgical test work

Stakeholder Engagement

Hawsons has been engaging with all levels of Government, providing key updates on the Hawsons Iron Project (Project).

The Hawsons team had the opportunity to meet with a number of key NSW officials including the NSW Premier, NSW Minister for Natural Resources, the local Member for Barwon and the Mayor of Broken Hill.

Discussions focused on the collective benefits the Project would provide to the Broken Hill region and NSW. Further discussions are planned through 2025.

Meetings were also held with the Project Director of the Steel Task Force at Department of Energy and Mining South Australia. With the Project's high-grade product and proximity to South Australia, Hawsons has the opportunity to play a key role in South Australia's Green Iron and Steel strategy.

Hawsons continued to engage with the local community, landholders and indigenous organisations, maintaining an open dialogue on planned Project activities, potential impacts and opportunities.



Figure 4: Community forum in Broken Hill attended by the NSW Premier and Cabinet Ministers

Strategic Investor Process

Stage 2 of the Strategic Investor process, which involves detailed technical data room reviews, continued during the quarter. Briefings were held with Strategic Investors on the process optimisation works and by-product studies.

Given the potential material upside on the Project's economics, the expected timeline of the Strategic Investor process will be extended as necessary to quantify the impacts of these works. This will ensure shareholders benefit from the outcomes of the optimisation programme in any future funding arrangements.

Further updates on the strategic investor process will be announced as soon as the Company is able to do so.

Financial Position

At 31 December 2024, Hawsons had cash reserves of \$1.7M. Operating cash outflows for the quarter were \$0.40M, substantially lower than Q1 FY2024. The Board and Management of Hawsons continues to focus on minimising overhead costs to ensure the maximum amount of funds can be invested directly into the Project.

Investing cash outflows were \$0.22M, attributable to the operational activities outlined below.

Further details of financial activities during the December 2024 quarter are set out in the Appendix 5B Quarterly Cashflow Statement which accompanies this report.

Operational Activities

During the quarter, activities focused on:

- Resource variography modelling and interpretation.
- Process optimisation and by-product studies;
- Local stakeholder engagement with landowners and Broken Hill officials; and
- Discussions with State and Federal Government representatives.

There were no mining production and development activities during the quarter.

Related Party Payments

During the quarter, Hawsons paid a total of \$50,375 of director wages and fees. There were no other related party transactions.

Capital Structure

As at the date of this report, the Company had the following shares and options on issue:

- 1,016,501,368 shares on issue (inclusive of 3,569,857 non-recourse employee shares)
- 207,940,309 options on issue, being:
 - 102,440,309 options exercisable at \$0.050, expiring 30 May 2026
 - 71,500,000 LDA options exercisable at \$0.055, expiring 21 December 2025
 - 34,000,000 Director and employee incentive options with various vesting milestones, exercise prices and expiry dates.

Tenement Schedules

Licence	Notes	Name	Grant	Expiry	Equity	Units	Area
EL6979	1	Redan	11/12/2007	11/12/2026	100%	62	180
EL7208		Burta	22/09/2008	22/09/2025	100%	100	290
EL7504		Little Peak	08/04/2010	08/04/2029	100%	14	41
EL9620		Wonga	05/12/2023	05/12/2029	100%	41	41
MLA461	2	Hawsons Iron	18/12/2023	18/12/2025	100%	NA	287

1 1.5% NSR royalty to Perilya Broken Hill Pty Ltd.

2 MLA made on 18 December 2013. Tenement application subject to unspecified grant date and conditions.

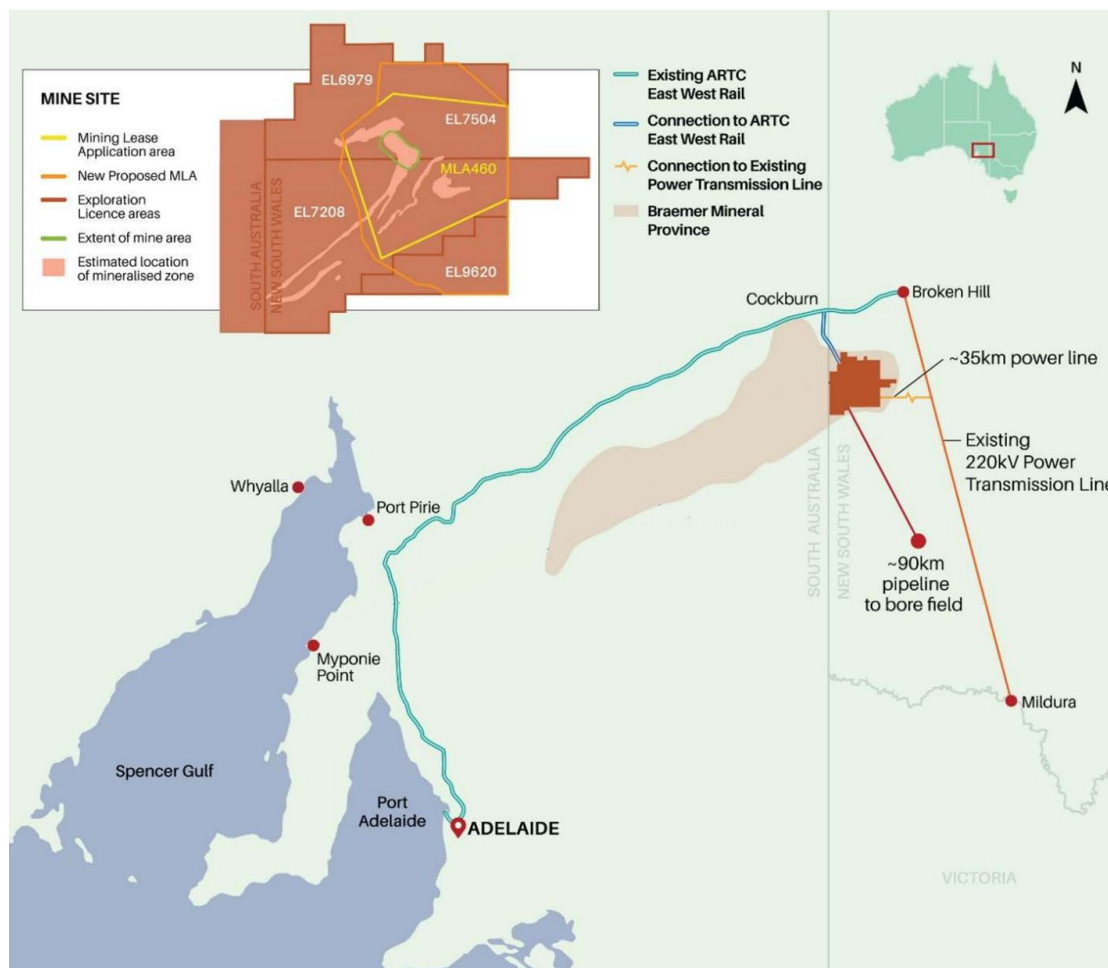


Figure 5: Hawsons Iron Project and Tenement Map

Head Office

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Website: www.hawsons.com.au

Share Registry

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Brisbane Q 4000
Phone: 1300 554 474

This announcement is authorised by the Board.

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Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

HAWSONS IRON LIMITED

ABN

63 095 117 981

Quarter ended ("current quarter")

31 December 2024

Consolidated statement of cash flows	Current quarter \$A'000	Year to date \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	-	-
(b) development	-	-
(c) production	-	-
(d) staff costs	(167)	(619)
(e) administration and corporate costs	(239)	(470)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	7	23
1.5 Interest and other costs of finance paid	-	(2)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other – Pure Metals settlement	-	(250)
1.9 Net cash from / (used in) operating activities	(399)	(1,318)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	-
(d) exploration & evaluation	(215)	(582)
(e) investments	-	-
(f) other – security bonds	(3)	(3)

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other – security bonds	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	R&D tax concession received	-	178
2.6	Net cash from / (used in) investing activities	(218)	(407)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	250
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(20)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(7)	(37)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other – lease principal repayments	(35)	(68)
3.10	Net cash from / (used in) financing activities	(42)	125

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,358	3,299
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(399)	(1,318)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(218)	(407)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(42)	125

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	1,699	1,699

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts		Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	1,699	2,358
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,699	2,358

6. Payments to related parties of the entity and their associates		Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	50
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

Item 6.1

- Non-executive director fees \$50,375

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (Put Option Agreement)	2,524	-
7.4	Total financing facilities	2,524	-
7.5	Unused financing facilities available at quarter end		2,524
7.6	<p>Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.</p> <div style="border: 1px solid black; padding: 10px;"> <p>LDA Capital Hawsons Iron has entered into a Put Option Agreement with United States investment group LDA Capital Limited.</p> <p>The Company can draw down funds during the term of the Agreement by issuing ordinary shares of the Company (Shares) for subscription to LDA Capital. The Company may issue call notices to LDA Capital with each call notice being a put option on LDA Capital to subscribe for and pay for those Shares. A Call Notice draws upon the Companies placement capacity which there must be available capacity to initiate a Call Notice on LDA Capital.</p> <p>The issue price of the Shares is calculated at the completion of the 30-Day pricing period, following the Capital Call Notice as the higher of 90% of the 30-day Volume Weighted Average Price (VWAP) after the issue of the Call Notice, and the 'minimum acceptable price' (as defined in the LDA facility) notified by Hawsons to LDA Capital, in each case subject to adjustments for various factors. Based on the historical trading volumes and the HIO share price at the end of the quarter ending 31 December 2024, Hawsons has estimated the total capital limit of the facility at 31 December 2024 at \$2,524,000 (refer 7.3).</p> <p>LDA has the right to reduce the Proposed Capital Call Shares (Subject to adjustments) by up to 50% or increase the number of Proposed Capital Call Shares by up to 100%. Except for option shares, LDA must not, on any Trading Day during the Pricing Period sell Collateral Shares representing more than 1/30th of the Shares specified in the Capital Call Notice.</p> <p>The Agreement includes unlisted share options under which HIO will issue 71,500,000 options to LDA Capital. The strike price of the options is \$0.055. Each option has an exercise period of four years.</p> <p>The Company paid an Option Premium Fee to LDA Capital of A\$4 million on 21 December 2022 – 50% (A\$2 million) in cash and 50% in shares (9,173,897 shares) based on 90% of the average VWAP of Shares in the 90-trading day period preceding the 12-month anniversary date from signing of the Agreement. HIO paid AUD\$21,258 on 16th December 2021 to cover LDA Capital legal costs which were capped at US\$25,000, and AUD\$14,423 on 24th August 2022 for costs related to the Call Notice.</p> </div>		

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(399)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(215)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(614)
8.4 Cash and cash equivalents at quarter end (item 4.6)	1,699
8.5 Unused finance facilities available at quarter end (item 7.5)	2,524
8.6 Total available funding (item 8.4 + item 8.5)	4,223
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	6.88
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer:	
8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer:	
8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer:	
<i>Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.</i>	

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 28 January 2025

Authorised by: The Board
(Name of body or officer authorising release – see note 4)

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Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.